



SURFACE TRANSPORTATION BOARD

[Docket No. AB 580 (Sub-No. 1X)]

Knoxville & Holston River Railroad Co., Inc., a wholly owned subsidiary of Gulf & Ohio Railways, Inc.—Abandonment Exemption—in Knox County, Tenn.

On December 11, 2024, Knoxville & Holston River Railroad Co., Inc. (KXHR), a Class III rail carrier and wholly owned subsidiary of Gulf & Ohio Railways, Inc., filed a petition under 49 U.S.C. 10502 for an exemption from the prior approval requirements of 49 U.S.C. 10903 to abandon an approximately 3.8-mile rail line between milepost 0.1 and the end of the line, all of which is located in Knoxville, Knox County, Tenn. (the Line).¹ The Line traverses U.S. Postal Service Zip Code 37920 and has no stations.

According to KXHR, it is seeking authority to abandon the Line because the traffic and revenues from the sole shipper, Ergon Terminaling, Inc. (Ergon), are insufficient to cover the costs of maintaining and operating the Line. (Pet. 3-5.) KXHR states that Ergon has significantly reduced its use of the Line, (*id.* at 5), and as a result, KXHR faces significant hardship from continued operation of the Line at a loss, (*id.* at 4). According to KXHR, since 2019, it has not received enough revenue to sustain operations, receiving an average of 8.2 carloads per year from 2019-2024. (*Id.*) KXHR states that the average revenue per year over the last five years for the Line is \$5,343.00, and the operating costs of the Line currently exceed the average revenue generated from the Line by over 90%. (*Id.*) KXHR does not anticipate current traffic volumes will increase significantly. (*Id.*)

¹ On December 17, 2024, KXHR filed an errata with an updated map.

Additionally, KXHR states that its initiatives to market and develop new local businesses on the Line have failed. (Id. at 6.) According to KXHR, portions of the Line are situated in a rapidly developing area, with the first 1.5 miles expanding into a mixed-use residential/commercial development area, making it extremely costly and unlikely for new shippers or industries to make use of or require freight services. (Id.) Moreover, KXHR states that a tunnel at milepost 0.1 requires significant rehabilitation efforts to ensure continued safe and efficient operations on the Line.² (Id.) KXHR states that, given the Line's limited and unpredictable traffic and the lack of projected future traffic, there is no way the Line can be operated profitably. (Id.)

According to KXHR, Ergon can, and has, used alternative modes, such as barge and truck, for its transportation needs. (Id. at 4-5.) KXHR states that it notified Ergon around October 2024 that it planned to seek abandonment authority and terminate its common carrier obligations over the Line and served Ergon with a copy of its petition. (Id. at 6-7.) KXHR further states that there are no overhead operations on the Line. (Id. at 7.)

KXHR states that, based on information in its possession, the Line does not contain federally granted rights-of-way. Any documentation in KXHR's possession will be made available promptly to those requesting it.

The interest of railroad employees will be protected by the conditions set forth in Oregon Short Line Railroad—Abandonment Portion Goshen Branch Between Firth & Ammon, in Bingham & Bonneville Counties, Idaho, 360 I.C.C. 91 (1979).

By issuing this notice, the Board is instituting an exemption proceeding pursuant to 49 U.S.C. 10502(b). A final decision will be issued by March 31, 2025.

² According to KXHR, the state of the tunnel currently limits the type of freight that can traverse the Line, furthering limiting KXHR's potential for new traffic. (Pet. 6 n.8.)

Any offer of financial assistance (OFA) under 49 CFR 1152.27(b)(2) will be due no later than 120 days after the filing of the petition for exemption, or 10 days after service of a decision granting the petition for exemption, whichever occurs sooner. Persons interested in submitting an OFA must first file a formal expression of intent to file an offer by January 10, 2025, indicating the type of financial assistance they wish to provide (i.e., subsidy or purchase) and demonstrating that they are preliminarily financially responsible. See 49 CFR 1152.27(c)(1)(i).

The Line may be suitable for other public use, including interim trail use. Any request for a public use condition under 49 CFR 1152.28 or for interim trail use/railbanking under 49 CFR 1152.29 will be due no later than January 21, 2025.³

All pleadings, referring to Docket No. AB 580 (Sub-No. 1X), must be filed with the Surface Transportation Board either via e-filing on the Board's website or in writing addressed to 395 E Street, S.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on KXHR's representative, Crystal M. Zorbaugh, Mullins Law Group PLLC, 2001 L St. NW, Suite 720, Washington, DC 20036. Replies to the petition are due on or before February 10, 2025.

Persons seeking further information concerning abandonment procedures may contact the Board's Office of Public Assistance, Governmental Affairs, and Compliance at (202) 245-0238 or refer to the full abandonment regulations at 49 CFR part 1152. Questions concerning environmental issues may be directed to the Board's Office of Environmental Analysis (OEA) at (202) 245-0294. If you require an accommodation under the Americans with Disabilities Act, please call (202) 245-0245.

OEA will prepare an environmental assessment (EA) (or environmental impact statement (EIS), if necessary), which will be served upon all parties of record and upon

³ Filing fees for OFAs and trail use requests can be found at 49 CFR 1002.2(f)(25) and (27), respectively.

any other agencies or persons who comment during its preparation. Other interested persons may contact OEA to obtain a copy of the EA (or EIS). EAs in abandonment proceedings normally will be made available within 60 days of the filing of the petition. The deadline for submission of comments on the EA generally will be within 30 days of its service.

Board decisions and notices are available at www.stb.gov.

Decided: December 23, 2024.

By the Board, Scott M. Zimmerman, Acting Director, Office of Proceedings.

Stefan Rice,

Clearance Clerk.

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